31st January 1961] [Mr. Chairman]

'That the Madras State Aid to Industries (Amendment) Bill, 1961 (L.A. Bill No. 26 of 1960) as passed by the Legislative Assembly, be taken into consideration.'

The motion was put and carried and the Bill was taken into consderation.

Clauses 2 to 8 were put and carried.

Clause 1 and the Preamble were put and carried.

THE HON. SRI R. VENKATARAMAN : Mr. Chairman, Sir, I move :

'That the Madras State Aid to Industries (Amendment) Bill, 1961 (L.A. Bill No. 26 of 1960), as passed by the Legislative Assembly, be passed.'

MR. CHAIRMAN : The question is—

'That the Madras State Aid to Industries (Amendment) Bill, 1961 (L.A. Bill No. 26 of 1960), as passed by the Legislative Assembly, be passed.'

The motion was put and carried and the Bill was passed.

(4) THE MADRAS GEVERAL STLES-TAX (AMENDMENT) BILL, 1961 (L.A. BILL NO. 1 OF 1961)

* THE HON. SRI R. VENKATARAMAN : Mr. Chairman, Sir, I move :

'That the Madras General Sales Tax (Amendment) Bill', 1961 (L.A. Bill No. 1 of 1961), as passed by the Legislative Assembly, be taken into consideration.'

Sir, this is a short Bill. Under Schedule I to the Sales Tax Act, tinned, canned, bottled and packed food were liable to single point tax at six per cent. This has caused a great deal of difficulties to the trade and industry. Small dealers and manufacturers of goods like 'Appalams', fruit drinks and so on have to pay six per cent single point tax on their products. Frankly, Sir, the commodity cannot bear that tax.

In this connection I must recall the great controversy which took place in the State, and in the Legislature over the question of levy of the single-point tax. However much Government and its spokesmen tried to convince the members of the Legislature and members of the public that the single-point tax was not such an unmixed blessing as they imagined, the Government could not succeed. But today after having put 75 items in the single-point tax, we have received representations from dealers in at least 40 of these commodities for reverting to the multi-point tax. The reason is very simple. The single point tax is a tax at the stage of the producer. The producers are not always big people. They are not always manufacturers of biycles or motor cars. The

* Printed as Appendix V on page 277–278 infra.

groundnut grower is a producer, and in fact there are far more small producers in our country than there are big producers. And when once the tax is shifted to the stage of production, it does affect the small producers much more harmfully than the big producers. Government therefore have gone on examining the various representations made and whenever they found that the trade suffered they have not hesitated to take the commodity back to the multi-point tax.

Sir, I would also like to mention at this stage that when Section 59 of the Act was under discussion very many hon. Members questioned the wisdom of entrusting the Government with the power to remove an item or change an item from one schedule to another by a mere notification. But for this power, the relief that we have given not only to this industry and trade but also the relief which we have given to many others by a reduction in the rate of the tax or transfer from one to another schedule, namely, from single point to multi-point would not have been possible.

Under the power conferred under Section 59 of the Act the Government transferred the item from the single point to the multi-point in October 1960 and since then it has continued to be on the multi-point. This Bill is intended to enact the notification already issued. I trust the House will accept the motion.

MR. CHAIRMAN : Motion moved :

'That the Madras General Sales Tax (Amendment) Bill, 1961 (L.A. Bill No. 1 of 1961), as passed by the Legislative Assembly, be taken into consideration.'

SRI MOHAMED RAZA KHAN : Mr. Chairman, Sir, I welcome the measure for this reason. The Hon. the Leader of the House at the time he was piloting the Bill in the other House as well as in this House and also during the deliberations in the Select Committee gave an assurance that whenever anything was brought to his notice or the notice of the Government about difficulties experienced in the working of the Act by the Trade or Business, the Government would do their best to remove those difficulties. The Government had also taken power under the Act to introduce changes by notification to be ratified later by the Legislature. They have now come before the legislature to get their ratification for the changes made in respect of certain commodities. Therefor I welcome the measure. All of us know that these people who produce 'Appalams' and such other things find this tax too heavy to bear.

Sir, regarding the second part of the speech of the Hon. Minister I find he has advanced the same arguments in the other House also while moving the Bill. It is true some of us were in favour of the single-point tax. Being a very nice man the Hon. the Leader of the House limited his criticism to the business and did not refer to us directly. I do not like to say now anything by way of criticism. Being an intelligent man it is he who wanted

31st January 1961] [Sri Mohamed Raza Khan]

to play the game. In fairness I must say this of him. He only wanted that the revenue derived by the Government of Madras from this source, namely, Rs. 13 to 14 crores should not be affected by the changes proposed in the Act. And the rates suggested were high and naturally these difficulties have now arisen. And according to the assurance given when the Act was passed, the Hon. Minister has come forward with this Bill to remove difficulties. And I support the Bill. But I submit there is no question of any controversy between the single-point tax and the multi-point tax, in this.

* THE HON. SRI R. VENKATARAMAN : Mr. Chairman, Sir. I have only to answer one point raised by the hon. Member Sri Raza Khan. It was accepted by the business community that there were three transactions before the consumer ultimately got his commodity. It was on that basis the expert—it was not Mr. Venkataraman who decided the question—who went into the question of simplification of the sales tax administration in the State recommended six per cent on the commodities brought under the single-point tax because it was conceded by the trade tht between the producer and the consumer there were three transactions and a multi-point rate of 2 per cent should be made into 6 per cent single-point. If it was intended that in the name of single-point tax should be reduced, then the more honest course would be to ask for a reduction of tax and not ask for single-point tax. Yesterday, I had a representation from producers of buckets and small utensils, who are now, as producers, called upon to pay six per cent single-point tax. The Government find it very difficult to go on examining these items throughout the year. I am only mentioning that the difficulties have been enhanced. Since the persons affected are small people, they have not been able to make the noise which others had made for this single-point tax. I hope Mr. Raza Khan will absolve the Government of having recommended or enacted a very high rate, because we merely followed the rate suggested by the expert who was appointed to go into this question.

MR. CHAIRMAN : The question is—

'That the Madras General Sales Tax (Amendment) Bill, 1961 (L.A. Bill No. 1 of 1961), as passed by the Legislative Assembly, be taken into consideration'.

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

THE HON. SRI R. VENKATARAMAN : Sir, I move—

'That the Madras General Sales Tax (Amendment) Bill, 1961 (L.A. Bill No. 1 of 1961), as passed by the Legislative Assembly, be passed'.

MR. CHAIRMAN : The question is—

'That the Madras General Sales Tax (Amendment) Bill, 1961 (L.A. Bill No. 1 of 1961), as passed by the Legislative Assembly, be passed'.

The motion was put and carried and the Bill was passed.

MR. CHAIRMAN : The House will now adjourn and meet again at 3 p.m. on Saturday, the 18th February 1961.

The House then adjourned.

V—PAPERS LAID ON THE TABLE OF THE HOUSE.

* 185. *Notification issued with G.O. No. 4534, Revenue, dated 7th November 1960, regarding amendments to the Madras General Sales Tax Rules, 1959.*

* 186. *Notification issued with G.O. Ms. No. 4329, Revenue, dated 25th October 1960, under section 1 (4) of the Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 (Madras Act XXVI of 1948).*

† *Bills passed by the Assembly and received therefrom in the Council.*

1. *The Evacuee Interest (Separation) Madras Supplementary Bill, 1961 (L.A. Bill No. 7 of 1961) (as passed by the Assembly).*

2. *The Madras State Aid to Industries (Amendment) Bill, 1961 (L.A. Bill No. 26 of 1960) (as passed by the Assembly).*

3. *The Madras General Sales Tax (Amendment) Bill, 1961 (L.A. Bill No. 1 of 1961) (as passed by the Assembly).*

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* Laid on the table of the House on 25th January 1961.

† Sent by special messenger on 30th January 1961.